

# **An Overview of Accountability Initiatives in Tennessee**



**Presented to the Spring 2001 Meeting of the  
Tennessee Higher Education Commission**

# Policy and Political Landscape

1990's were an unstable era for higher education personified by .....

- flat enrollment
- reduced funding levels
- increased pressure from various clientele groups
- changing business needs and job markets
- increased calls for accountability in higher education

# Focus on Accountability

The increased national emphasis on accountability and assessment have placed institutions under the “crosshairs” of legislative oversight. In order to ensure that both internal and external accountability concerns are addressed by this movement to direct legislative oversight, it is critical that states re-evaluate their accountability policies and programs.

# Aspects of Accountability

- What, Why, and How?
- External v. internal dichotomy
- Legislative policy preferences
- Campus level needs
- Campus level initiatives
- Impediments

# Changing Policy Arena

- Funding for results ties performance to state priorities
- Increased prevalence of performance systems yet varied forms of policy adoption
- Unstable policy environment typified by decreased funding and increased expectations
- The Paradigm Shift in Higher Education: Increased calls for public accountability

# Variations on a Theme: Accountability in Action

- Performance Reporting

- Report of institutional performance based on a common set of indicators
- No formal ties to funding

- Performance Funding

- Policy that allocates resources for achieved results
- Ties specified state funding directly and tightly to the performance of public campuses on individual indicators

- Performance Budgeting

- Allows elected policymakers to consider campus achievement on performance indicators as one factor in determining campus allocations
- The link between performance and budgeting is more of a “discretionary relationship”

# Performance Reporting

- **Definition:** Report of institutional performance based on a common set of indicators
- These periodic reports encourage improved performance and rely upon publicity to compel institutional improvement
- According to Burke (2000) more than 30 states utilize performance reporting.
  - 70% of the states with performance funding also have performance reporting.
  - 68% of the states with performance budgeting also have performance reporting.
- **Strengths:** Fluid, reactive, stimulates rather than mandates action.
- **Weaknesses:** Informal, overly dynamic, does not tie improvement to funding.

# Performance Budgeting

- **Definition:** Allows elected policymakers to consider campus achievement on performance indicators as one factor in determining campus allocations
- Increased popularity
  - An increasing number of states are moving to performance budgeting because it allows legislative control and discretion over state budgets.
  - 16 states used a form of Performance Budgeting in 1997
  - 27 states used a form of Performance Budgeting in 2000
- **Strengths:** Flexible, reactive, prescriptive, legislative credit claiming
- **Weaknesses:**
  - Flawed implementation - Research has shown that most states use performance budgeting for budget preparation and presentation, but not for resource allocation. Only 4 states tie goals with allocations.
  - Disconnect between budgets, indicators, and campus activity
  - Overly broad based and generalistic



# Performance Funding

- **Definition:** Policy that allocates resources for achieved results; ties appropriations directly to the performance of institutions on individual indicators
- An increasing number of states are moving to performance funding because it maximizes accountability through its punitive funding mechanisms.
- Increased popularity
  - 10 states used a form of Performance Funding in 1997
  - 17 states used a form of Performance Funding in 2000
- **Strengths:** Pro-active, generalizable, maximized external accountability, legislative credit claiming
- **Weaknesses:**
  - Budgetary insecurity promotes “gaming”
  - Faculty/campus involvement minimized because of “top-down” approach

# Performance Funding

- Although assessment for results became the buzzword amongst legislators and other elected officials, the "reporting only" system did not provide financial consequences for institutions with good or poor performance. Moving from performance reporting to funding was a logical evolution in the accountability movement that provided the impetus for the aforementioned paradigm shift in higher education.
- The primary difference between performance reporting and funding is that performance funding directly ties state allocations to prescribed levels of campus achievement on designated indicators. Moreover, it adds institutional performance to the input factors traditionally used in state budgeting for public higher education such as current costs, student enrollments, and inflationary increases.

# Changing National Policy Landscape

- Burke (2000) notes the merger of funding and budgeting systems in many states
- Increased legislative popularity for all program variations
- Growing campus resistance - “no dollars, no action”
- Increased use of assessment for results

## The National Use of Performance Indicators

Funding: 8

Budgeting: 17

Reporting: 30

Budget/Fund: 10

Source: Joseph Burke, Performance Funding and Budgeting: An Emerging Merger?- The Fourth Annual Survey, Rockefeller Institute of Government, 2000, State University of New York.

State	Performance Funding	Performance Based Budgeting	Both Performance Funding and Budgeting	Performance Reporting
Alabama		*		*
Arizona				*
California			*	*
Colorado	*			*
Connecticut			*	*
Florida			*	*
Georgia		*		
Hawaii		*		*
Idaho		*		*
Illinois			*	*
Iowa	*			
Kansas			*	
Kentucky				*
Louisiana			*	*
Maine		*		
Maryland		*		*
Massachusetts		*		*
Michigan		*		
Mississippi		*		*
Missouri			*	*
Nebraska		*		
Nevada		*		
New Jersey			*	*
New Mexico		*		*
New York	*			
North Carolina		*		
North Dakota				*
Ohio	*			
Oklahoma			*	
Oregon		*		*
Pennsylvania	*			*
Rhode Island				*
South Carolina	*			*
South Dakota	*			*
Tennessee	*			*
Texas			*	*
Utah		*		*
Virginia		*		
Washington				*
West Virginia				*
Wisconsin		*		*
Wyoming				*
<b>TOTAL</b>	<b>8</b>	<b>17</b>	<b>10</b>	<b>30</b>

# Public Chapter 994

- The General Assembly in Public Chapter 994 (the 2000 Appropriations Bill) directed the Comptroller's Office of Research, the Office of Legislative Budget Analysis, and the Budget Division of the Department of Finance and Administration to conduct a joint study of Tennessee's higher education performance and accountability system.
- The purpose of the study was to address "potential outcome measures and performance benchmarks that could be used to measure progress toward specific goals for access to, and utilization, quality, and competitiveness of, Tennessee's higher education system."

## Findings of Public Chapter 994

- Tennessee's higher education accountability system has limited consequences related to funding.
- Tennessee's planning, budgeting, and reporting processes are not integrated. Furthermore, the goals are too broad, and do not contain benchmarks, thus making measurement towards progress difficult.
- Performance funding indicators are not tied to the Mater Plan goals and objectives.
- Tennessee does not participate in a rigorous validation process of the performance indicators used.
- Tennessee's accountability system lacks comparative information, although comparability is improving.
- Compared to other states, THEC has little performance and accountability information readily available to the public.

## Recommendations of Public Chapter 994

- THEC should produce a single planning and performance document for higher education.
- The General Assembly may want to consider limiting any new money, outside those generated to the formula, to performance based initiatives.
- Tennessee's accountability system should include measurable objectives, baselines, and benchmarks. Furthermore, THEC should increase the public availability of performance information.
- Tennessee's accountability system should include more student outcome indicators. Furthermore, it should include more performance indicators on the linkages between K-12 and higher education.
- The accountability system should compare state institutions to regional averages, national averages, and similar institutions.
- Tennessee should include more financial reporting and consider participating in the Delaware Cost Study.
- State officials should consider whether the formula creates incentives and disincentives that run counter to improving higher education performance and accountability.

## Resultant Activities

- Factbook for Higher Education (Due date July 12, 2001)
- Development of a replacement document for *Challenge 2000*
- Performance Funding webpage
  - [www.state.tn.us/thec/ACADEMIC/PF/index.html](http://www.state.tn.us/thec/ACADEMIC/PF/index.html)
- Institutional participation in the Delaware Cost Study
- Increased policy focus by the Commission staff
- Roundtables on higher education issues in Tennessee
- *Current Issues in Tennessee Higher Education and Public Policy*



# Accountability Programs in Tennessee



## **Accountability in Tennessee in the 1990's**

- 1. % of high school graduates requiring remedial or developmental courses**
- 2. ACT Comp and College Base scores**
- 3. General education test scores**
- 4. Pilot test of general education**
- 5. Academic program assessment (major field)**
- 6. % of programs meeting peer review standards**
- 7. % of accreditable programs accredited**
- 8. % of courses taught by faculty at various levels (full-time faculty, part-time faculty, graduate assistant, etc.)**
- 9. Licensure exam passage rates**
- 10. % of teacher education graduates passing the PRAXIS test**
- 11. Employer satisfaction**
- 12. Student and Alumni satisfaction survey results**
- 13. Standardized test scores-core knowledge and skills(4-yr and 2-yr schools)**
- 14. Expenditures on library books**
- 15. Undergraduate enrollment of TN public and private postsecondary institutions**

## **Accountability in Tennessee in the 1990's**

- 16. Undergraduate enrollment of recent Tennessee high school graduates in Tennessee's public and private institutions.**
- 17. Technology Center enrollment**
- 18. Enrollment in graduate and professional schools**
- 19. Transfers to two-year schools, four-year schools, and to private schools.**
- 20. Percentage of students completing the university parallel degrees who transfer into baccalaureate programs.**
- 21. Transfer rates**
- 22. Undergraduate enrollment by gender**
- 23. Enrollment by race at TTC's, 2 year, and four year institutions.**
- 24. Transfer rates by race**
- 25. Persistence to graduation by race**
- 26. Enrollment of students over 25 in higher education**
- 27. Number and % of students receiving financial aid at TTC's, two-year schools, four-year schools, and private schools**
- 28. Distribution of financial aid dollars to various levels of public institutions and private colleges**
- 29. Percent of Students receiving financial aid**

## **Accountability in the 1990's continued ...**

- 26. Tuition and fees**
- 27. Job placement for two-year schools**
- 28. Faculty salaries compared to peers**
- 29. Distribution of Ned McWherter Scholars**
- 30. State appropriations for higher education**
- 31. Expenditures on research and on public service from restricted**
- 32. accounts at public and private schools**
- 33. Expenditures by category**
- 34. State and institutional planning priorities**
- 35. Retention/graduation**
- 36. Number of degrees/credentials granted**
- 37. Graduation rates**
- 38. Faculty productivity (class size, hours of instruction, research time**
- 39. Staffing at institutions by category**
- 40. Teacher certification and licensure**

## **Master Plan Goals for 2000-05**

- **Elevate the educational attainment levels of Tennesseans.**
- **Clarify all institutional missions for greater distinctiveness, with programs, services, and resources aligned to support the mission.**
- **Strive to be among the national leaders in the development and assessment of quality instructional programs based on student outcomes.**
- **Strive to be recognized as a national leader for quality research and public service.**
- **Strive for a sustained level of funding that will allow Tennessee citizens to reach their educational objectives, attain cultural and social goals, and compete economically with the most progressive states in the region.**

## **Master Planning Goals continued**

- **Public higher education will play a major role in the economic development of Tennessee.**
- **Implement an efficient, high quality information system that provides access and opportunity for educational services as well as the ability to collaborate and partner with business and other agencies.**
- **Offer relevant educational programs that address economic, intellectual, and social problems by partnering with business, government, and P-12 and other educational institutions.**
- **Communicate effectively the value, strengths, and needs of higher education to the general public and to the legislative/executive branches of state government.**

## *Challenge 2000*

- THEC's annual performance reporting document
- Illustrates performance on a series of indicators developed in the early 1990's
- Presently under revision and review
- Revised document to be presented to the Commission in 2002

# What is Performance Funding?

- Review of performance reporting, funding, and budgeting
- Burke (2000)
  - Stable v. unstable programs
- Program similarities and differences
- The South Carolina Experiment



# **The South Carolina Experiment**

- **Commonly referred to as “Performance Funding,” became effective July 1996**
- **State appropriations based on performance in 9 “Critical Success Areas” as measured by various “indicators”**
- **Identified Mission for Higher Education and Defined Sectors of Institutions by Identified Mission**
- **Their Commission was responsible for the development & design of a funding system based on performance.**

**The indicators are as follows →**

## **I. Mission Focus**

- ✓ **Expenditure of Funds to Achieve Institutional Mission**
- ✓ **Curricula Offered to Achieve Mission**
- ✓ **Approval of a Mission Statement**
- ✓ **Adoption of a Strategic Plan to Support the Mission Statement**
- ✓ **Attainment of Goals of the Strategic Plan**

## **II. Quality of Faculty**

- ✓ **Academic and Other Credentials of Professors and Instructors**
- ✓ **Performance Review System for Faculty**
- ✓ **Post Tenure Review of Tenured Faculty**
- ✓ **Compensation of Faculty**
- ✓ **Availability of Faculty to Students Outside the Classroom**
- ✓ **Community and Public service Activities of Faculty for which no Extra Compensation is Paid.**

## **III. Classroom Quality**

- ✓ **Class Size and Student/Teacher Ratios**
- ✓ **Number of Credit Hours Taught by Faculty**
- ✓ **Ratio of Full-Time Faculty as Compared to Other Full-Time Employees**
- ✓ **Accreditation of Degree-Granting Programs**
- ✓ **Institutional Emphasis on Quality Teacher Education and Reform**

## **IV. Institutional Cooperation and Collaboration**

- ✓ **Sharing and Use of Technology, Programs Equipment, Supplies, and Source Matter Experts Within the Institution, With Other Institutions, and With the Business Community**
- ✓ **Cooperation and Collaboration with Private Industry**

## **V. Administrative Efficiency**

- ✓ **Percentage of Administrative Costs to Academic Costs**
- ✓ **Use of Best Management Practices**
- ✓ **Elimination of Unjustified Duplication of and Waste In Administrative and Academic Programs**
- ✓ **Amount of General Overhead Costs**

## **VI. Entrance Requirements**

- ✓ **SAT and ACT Scores of Student Body**
- ✓ **High School Class Standing, Grade Point Averages and Activities of the Student Body**
- ✓ **Post-Secondary Non-Academic Achievements of Student Body**
- ✓ **Priority on Enrolling In-State Residents**

## **VII. Graduates' Achievements**

- ✓ **Graduation Rate**
- ✓ **Employment Rate for Graduates**
- ✓ **Employer surveys**
- ✓ **Scores on professional examinations**
- ✓ **Number of Graduates Who Continued Their Education**
- ✓ **Credit Hours Earned of Graduates**

## **VIII. User-Friendliness of Institution**

- ✓ **Transferability of Credits to and from the Institution**
- ✓ **Continuing Education Programs for Graduates and Others**
- ✓ **Accessibility to the Institution of All Citizens of the State**

## **IX. Research Funding**

- ✓ **Financial Support of Reform in Teacher Education**
- ✓ **Amount of Public and Private Sector Grants**

# Determining an Institution's Performance & Allocation

## *Step 1: Assigning the Indicator Score*

An institution is measured on its performance on each applicable indicator.

A score of 1, 2, or 3 is assigned to each indicator depending on the institution's level of actual performance in comparison to approved standards. An additional 0.5 may be earned on select indicators based on improvement.

- ☞ **1** "Does Not Achieve Standard" indicating fell below targeted performance level
- ☞ **2** "Achieves Standard" indicating within acceptable range of targeted level
- ☞ **3** "Exceeds Standard" indicating exceeded targeted level
- ☞ **+0.5 "With Improvement"** indicating improvement expectations over past performance were met or exceeded as defined on select indicators. Institutions scoring 1 or 2 are eligible.

## *Principles for Standards*

- ✓ High Expectations
- ✓ Consistency Across Years
- ✓ Consistency Across Institutions
- ✓ Reference to Best Available Data
- ✓ Incentive for Individual Improvement
- ✓ Recognize Maximum Performance Levels
- ✓ Simplicity and Clarity

## Step 2: Determining the Overall Performance Category

→ An institution's individual scores on indicators are then averaged together. Result is:

A single overall performance score expressed numerically (e.g., 2.50) and also as a percentage of the maximum possible score (e.g.,  $2.50/3 = 83\%$ ).

↘  
↗  
Overall Score places an institution in one of five levels of performance reflecting the degree of achievement of standards.

→  
FUNDING for the institution is then based on the category of overall performance for the institution.

↻  
If Score is: → Assigned Category is:

2.85 - 3.00 → Substantially Exceeds  
(95% - 100%)

2.60 - 2.84 → Exceeds  
(87% - 94%)

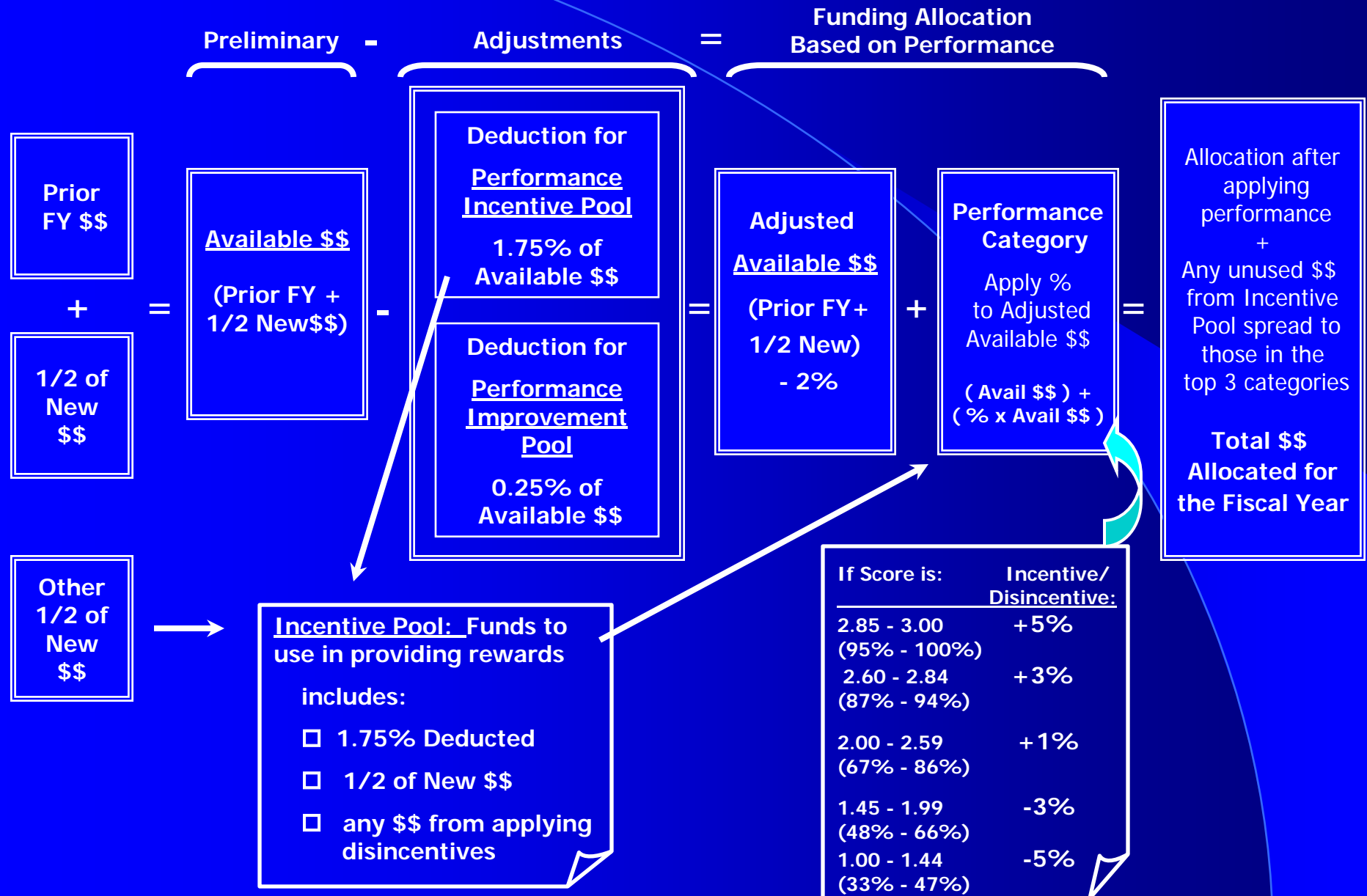
2.00 - 2.59 → Achieves  
(67% - 86%)

1.45 - 1.99 → Does Not Achieve  
(48% - 66%)

1.00 - 1.44 Substantially  
(33% - 47%) Does Not Achieve

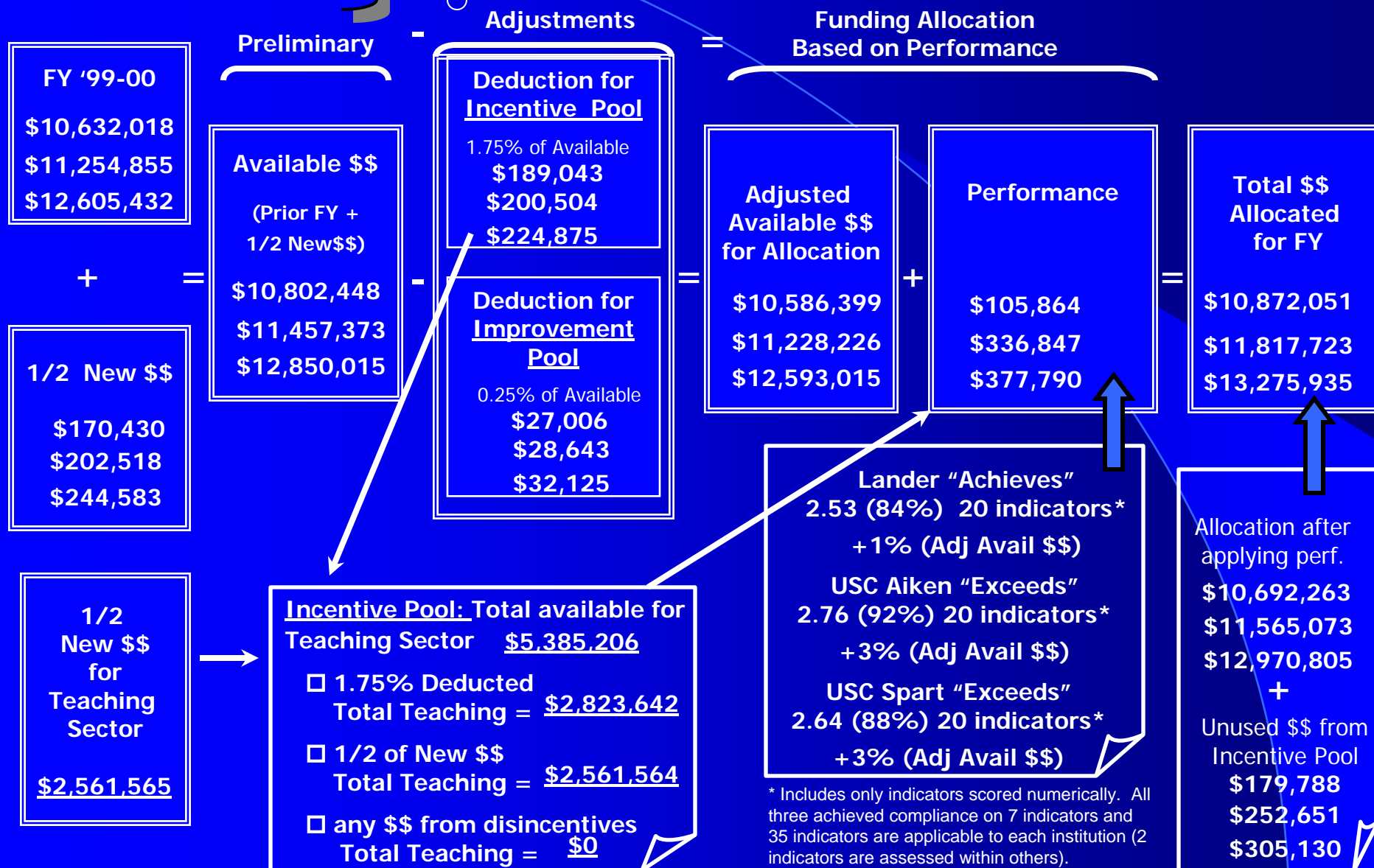
↻  
Institutions within the same performance category are considered to be performing similarly given current precision of measurement.

### Step 3: Determining the Allocation Based on Performance



Lander (shown 1<sup>st</sup>)  
 USC Aiken (shown 2<sup>nd</sup>)  
 USC Spart (shown 3<sup>rd</sup>)

## EXAMPLE USING FY 2000 - 2001 Allocation TEACHING SECTOR - 3 institutions of 9





# Strengths of the S.C. Program

## **Data available on the Commission Website**

<http://www.che400.state.sc.us>

Performance Funding Section including historical & current information with committee activity by selecting Division of Planning, Assessment and Performance Funding

## **Commission Publications for Additional Information:**

**Performance Funding Workbook**  
published each year by Planning, Assessment & Performance Funding Division & available on the web. The workbook outlines all performance indicators and system requirements.

## **A Closer Look at Public Higher Education in South Carolina**

Published each year by Planning, Assessment & Performance Funding Division & available on the web. This publication is required by the General Assembly each January and contains comparative performance data of public institutions.

## **Statistical Abstract**

Published each year by Finance & Facilities Division & available on the web. The "Abstract" contains institutional, student, faculty and finance data.



# **The Tennessee Performance Funding Program**

The Tennessee performance funding program is a performance-based incentive program that financially rewards public colleges and universities for successful institutional performance on selected student outcomes and related academic and institutional assessments. Consistent with its traditional mission, THEC has been assigned responsibility for administering this program.

# The Evolution of Performance Funding in Tennessee

- 1979-81: Pilot project comprising 2% of annual budget
- 1982-87: First cycle, appropriation increased to 3%. Focus on general education, accreditation, and satisfaction surveys
- 1987-92: Appropriation increased to 5% Addition of program review criteria
- 1992-97: Introduction of master planning goals and job placement standards
- 1997-2000: Appropriation increased to 5.45%
- 2000-05: Planning cycles coordinated, assessment for results

## **Standards Revision Process**

The purpose of this revision was to align the master plan, statewide strategic planning, performance funding, and all other planning on common cycles. This will facilitate the goals of efficiency and effectiveness and reduce costly programmatic duplication amongst institutions.

## **Standard One - Academic Testing and Program Review**

- **Foundational testing of General Education Outcomes**
- **Pilot Evaluations of General Education**
- **Major Field Testing**
- **Program Accountability**
  - Program Review
  - Program Accreditation

## **Standard Two - Satisfaction Studies**

- **Enrolled Student Surveys**
- **Alumni Surveys**
- **Employer Surveys**
- **Transfer and Articulation**

## **Standard Three: Planning and Collaboration**

- **Mission Distinctive Institutional Goals**
- **State Strategic Plan Goals**

Burke (2000) notes that one of the principal strengths of the Tennessee Performance Funding program is that it presents institutions with an opportunity to formally align state and institutional planning.

# **Standard Four: Student Outcomes and Implementation**

- **Output Attainment**
  - **Retention and Persistence**
  - **Job Placement**
- **Assessment Implementation**
  - **Specific and measurable goals and objectives**
  - **Involvement of faculty in planning, development, execution, and evaluation**
  - **Mission specific focus on student learning and instructional activity**
  - **Cogent implementation strategy for all performance funding related assessment activities**
  - **Assessment for Results**

# Financial Impacts

Institutions	1997-98		1998-99		1999-00		Avg.	Total \$
	Points	Dollars	Points	Dollars	Points	Dollars	Points	for Cycle
APSU	0.92	\$1,129,425	0.90	\$1,155,951	0.93	\$1,187,954	0.92	\$3,473,330
ETSU	0.94	1,930,657	0.94	2,059,790	0.96	2,161,987	0.95	\$6,152,434
MTSU	0.97	3,117,815	0.97	3,332,049	0.97	3,419,314	0.97	\$9,869,178
TSU	0.92	1,433,020	0.88	1,409,063	0.89	1,347,891	0.90	\$4,189,974
TTU	0.95	1,662,992	0.92	1,657,325	0.90	1,664,404	0.92	\$4,984,721
UM	0.88	3,689,215	0.90	3,894,415	0.88	3,952,524	0.89	\$11,536,154
Subtotal		\$12,963,124		\$13,508,593		\$13,734,074		\$40,205,791
UTC	0.96	\$1,485,320	0.97	\$1,614,194	0.94	\$1,611,325	0.96	\$4,710,839
UTK	0.98	6,492,331	0.97	6,585,999	0.99	6,982,464	0.98	\$20,060,794
UTM	0.96	1,081,642	0.98	1,137,515	0.97	1,159,955	0.97	\$3,379,112
Subtotal		9,059,293		9,337,708		9,753,744		\$28,150,745
CSTCC	0.94	839,976	0.90	854,194	0.89	854,363	0.91	\$2,548,533
CLSCC	0.97	380,803	0.95	396,857	0.92	395,999	0.95	\$1,173,659
COSCC	0.99	463,391	0.98	490,939	0.97	488,705	0.98	\$1,443,035
DSCC	0.96	238,568	0.94	249,333	0.95	256,295	0.95	\$744,196
JSCC	0.86	354,477	0.96	419,904	0.94	432,983	0.92	\$1,207,364
MSCC	0.96	333,176	0.96	365,576	0.96	383,772	0.96	\$1,082,524
NSTCC	0.92	464,210	0.87	471,444	0.88	493,353	0.89	\$1,429,007
NSTI	0.98	389,438	0.99	417,897	0.98	442,200	0.98	\$1,249,535
PSTCC	0.98	736,170	0.96	759,871	0.93	738,134	0.96	\$2,234,175
RSCC	0.92	\$597,948	0.93	\$651,303	0.90	\$656,051	0.92	\$1,905,302
SSCC (SWCC)	0.72	521,886	0.90	650,705	0.79	1,280,909	0.80	\$2,453,500
STIM	1.00	\$848,394	0.91	\$776,559	N/A	N/A	0.96	\$1,624,953
VSCC	0.94	620,389	0.94	653,230	0.94	674,397	0.94	\$1,948,016
WSCC	0.93	628,252	0.95	669,362	0.94	669,423	0.94	\$1,967,037
Subtotal		\$7,417,078		\$7,827,174		\$7,766,584		\$23,010,836
Grand Total		\$29,439,495		\$30,673,475		\$31,254,402		\$91,367,372

# Policy Strengths

- **Stimulates serious considerations of campus strengths/weaknesses, and areas for improvement**
- **The program's history, acceptance, and network of support are outstanding**
- **Forces some measure of legislative accountability and assists in the regional accreditation process**
- **Campus specific goals and program review compel institutions to tie master planning with measurable performance goals**
- **PF helps institutions to maintain a focus on outcomes management and institutional effectiveness.**



# Policy Limitations

- Promotes gaming because the scoring tables are skewed to the upper end, thus forcing institutions to manipulate the policy.
- "One size fits all" nature does not work for all institutions; institutional missions are not accounted for by the standards.
- Limited by top management ... It is still a bit of a "one man show" with the program and results entrusted to the research office.
- THEC does not do enough to publicize the results of the program, nor communicate campus level initiatives and excellence.
- Appropriations are not earmarked for improvements in those programs and services identified through the PF process as needing additional assistance or reward. Instead, PF money is really viewed as just another element of the overall operating budget for the institution.
- The costs of assessment represent an unjust burden on smaller institutions

# Foundational Overview

- What factors have contributed to the surprising longevity of this program?
- What are the perceived strengths/weaknesses program from both an internal v. external accountability perspective?
- Does the program in Tennessee suggest specific performance indicators which hold promise for stimulating improvements on college campuses in other states?
- To what extent are the results from the mandated assessment activities used for internal campus improvements?